

STAFF REPORT

To: City Council Finance Committee Date: January 28, 2014

Via: Gary Jackson, City Manager

From: Barbara Whitehorn, Director of Finance & Management Services

Subject: Cash and Investments Policy

Summary Statement: The consideration of a formal Cash and Investments Policy.

Review: Efficient cash management and effective investment activity are fundamental responsibilities of governing bodies and a vital statutory function of finance officers in North Carolina. Deposit and investment activities of local governments are guided by provisions of the NC General Statutes (NCGS), specifically Chapter 159, Article 3 – The Local Government Budget and Fiscal Control Act.

A written cash and investments policy that is adopted by the governing board to establish guidelines for management of public funds is strongly recommended as best practice by the Government Finance Officers Association (GFOA) and the NC Treasurer's office.

The City has historically followed an informal plan of investing idle public funds. During a review of investment performance on October 22, 2013 with the Finance Committee, it was suggested that staff poll peer municipalities across the state to determine which units of government had adopted formal cash and investments policies. The Finance Committee also requested that the City Manager and Finance staff propose such a policy if research indicated such formalization and adoption. The table below summarizes the results of the poll our staff conducted, and the recommended policy accompanies this staff report.

Unit	Yes, formal policy	No formal policy
Cary	X	
Concord	X	
Wilmington	X	
Charlotte		X
Wilson		X
Winston-Salem	X	
Greenville	X	

Pro:

- Aligns with GFOA and NC Treasurer's Best Practices for local government financial management
- Provides guidance to City staff for investment decisions

Con:

- None noted.

Fiscal Impact: n/a

Recommendation: City staff recommends that Finance Committee refer to City Council the Cash and Investments Policy for formal adoption.

Attachment: (1) Cash and Investments Policy